

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ASSURED GUARANTY MUNICIPAL CORP.,
f/k/a FINANCIAL SECURITY ASSURANCE,
INC.

Plaintiff,

vs.

FLAGSTAR BANK, FSB; FLAGSTAR
CAPITAL MARKETS CORPORATION; and
FLAGSTAR ABS, LLC

Defendants.

Case No.: 11-CIV-2375 (JSR)

**DECLARATION OF STEWART D. AARON IN SUPPORT OF DEFENDANTS'
MOTION IN LIMINE AND TO EXCLUDE PLAINTIFF'S EXPERTS' TESTIMONY**

STEWART D. AARON declares:

1. I am an attorney admitted to the Bar of the State of New York and the Bar of this Court, and I am a member of the law firm of Arnold & Porter LLP, attorneys for defendants Flagstar Bank, FSB, Flagstar Capital Markets Corporation, and Flagstar ABS (collectively, "Flagstar"). I submit this declaration in support of defendants' motion in limine to preclude the use of sampling as a method of proof by and to exclude the testimony of plaintiff Assured Guaranty Municipal Corp.'s experts Nelson Lipshutz, Rebecca Walzak and Joseph Mason.

2. Attached hereto as Exhibit A is a true and correct copy of the Flagstar Home Equity Loan Trust 2006-2 Sale and Servicing Agreement, dated December 21, 2006.

3. Attached hereto as Exhibit B is a true and correct copy of a letter from Errol Uhr to Flagstar Bank, dated January 13, 2009, bearing Bates numbers FLAGSTAR 000020130-156.

4. Attached hereto as Exhibit C is a true and correct copy of Defendant EquiFirst Corporation's Memorandum of Law in Support of EquiFirst's Motion to Dismiss, filed on

December 29, 2011, in *MASTR Asset Backed Securities Trust 2006-HE3 ex rel. U.S. Bank Nat. Ass'n v. WMC Mortg. Corp.*, No. Civ. 11-2542, (D. Minn.).

5. Attached hereto as Exhibit D is a true and correct copy of Plaintiff's Memorandum of Law in Opposition to Defendants' Motion to Dismiss the Complaint, filed on January 19, 2012, in *MASTR Asset Backed Securities Trust 2006-HE3 ex rel. U.S. Bank Nat. Ass'n v. WMC Mortg. Corp.*, No. Civ. 11-2542, (D. Minn.).

6. Attached hereto as Exhibit E is a true and correct copy of Assured's Memorandum of Law in Support of Plaintiff's Motion *In Limine* Regarding the Use of Sampling, filed on July 18, 2011.

7. Attached hereto as Exhibit F is a true and correct copy of the November 4, 2011 Transcript of Proceedings in the above-captioned matter.

8. Attached hereto as Exhibit G are true and correct copies of two March 21, 2012 letters from Matthew Roslin, of Flagstar Bank, to The Bank of New York Mellon Trust Company, bearing Bates numbers FLAGSTAR 000394497-FLAGSTAR 000394500.

9. Attached hereto as Exhibit H are true and correct copies of emails between Matthew Roslin and employees of the Bank of New York regarding Transfer Deficiency, bearing Bates numbers FLAGSTAR 000394504-FLAGSTAR 000394508.

10. Attached hereto as Exhibit I is a true and correct copy of the Expert Report of N. Lipshutz served in the above-captioned matter on November 14, 2011.

11. Attached hereto as Exhibit J are true and correct copies of excerpts of the transcript of the deposition of Rebecca Walzak, taken December 19, 2011. This exhibit is filed under seal pursuant to Protective Order.

12. Attached hereto as Exhibit K is a true and correct copy of the Second Supplemental Report of Joseph R. Mason, dated January 1, 2012.

13. Attached hereto as Exhibit L is a true and correct copy of the Corrected Expert Report of Rebecca Walzak concerning alleged breaches of representations and warranties, dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

14. Attached hereto as Exhibit M is a true and correct copy of an article by Rebecca Walzak, "A Fair Fight for Repurchases," MORTGAGE SERVICING NEWS, Feb. 15, 2012, *available at* <http://www.nationalmortgagenews.com/blogs/risky/fair-fight-repurchases-1028904-1.html> (last visited May 22, 2012).

15. Attached hereto as Exhibit N is a true and correct copy of the Expert Report of Jeffrey Nielsen, dated December 22, 2011. This exhibit is filed under seal pursuant to Protective Order.

16. Attached hereto as Exhibit O is a true and correct copy of the Expert Report of Solutions Associates, LLC Prepared by John R. Griggs, dated December 22, 2011 and revised January 1, 2012. This exhibit is filed under seal pursuant to Protective Order.

17. Attached hereto as Exhibit P is a true and correct copy FSA's Executive Summary Flagstar Home Equity Loan Trust 2005-1. This exhibit is filed under seal pursuant to Protective Order.

18. Attached hereto as Exhibit Q is a true and correct copy FSA's Executive Summary Flagstar Home Equity Loan Trust 2006-2. This exhibit is filed under seal pursuant to Protective Order.

19. Attached hereto as Exhibit R is a true and correct copy of Rebecca Walzak's "Underwriter Survey," marked as Exhibit 6 to the deposition of Rebecca Walzak, taken

December 19, 2011. This exhibit is filed under seal pursuant to Protective Order.

20. Attached hereto as Exhibit S is a true and correct copy of Exhibit B (2005-1) to the Corrected Expert Report of Rebecca Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order. For the Court's convenience, this exhibit is also being provided in its original Excel format via disk.

21. Attached hereto as Exhibit T is a true and correct copy of Exhibit B (2006-2) to the Corrected Expert Report of Rebecca Walzak dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order. For the Court's convenience, this exhibit is also being provided in its original Excel format via disk.

22. Attached hereto as Exhibit U is a true and correct copy of Rebecca Walzak's "Underwriting Review Protocol," marked as Exhibit 3 to the deposition of Rebecca Walzak, taken December 19, 2011. This exhibit is filed under seal pursuant to Protective Order.

23. Attached hereto as Exhibit V are true and correct copies of excerpts of the transcript of the depositions of Joseph R. Mason dated January 4 & February 13, 2012.

24. Attached hereto as Exhibit W is a true and correct copy of Exhibit 15 to the Deposition of Joseph R. Mason dated January 4 & February 13, 2012. This exhibit is filed under seal pursuant to Protective Order.

25. Attached hereto as Exhibit X is a true and correct copy of a file named "Sample Defaults Workbook 2005-1" produced by plaintiff in the above-captioned matter. This exhibit is filed under seal pursuant to Protective Order.

26. Attached hereto as Exhibit Y are true and correct copies of excerpts of the transcript of the deposition of Marni Scott dated October 27, 2011.

27. Attached hereto as Exhibit Z are true and correct copies of excerpts of the transcript of the deposition of Linda Terrasi dated December 19, 2011.

28. Attached hereto as Exhibit AA is a true and correct copy of the Insurance and Indemnity Agreement for the Flagstar Home Equity Loan Trust 2006-2, dated December 21, 2006.

29. Attached hereto as Exhibit BB is a true and correct copy of the Supplemental Expert Report of Joseph R. Mason, dated November 29, 2011.

30. Attached hereto as Exhibit CC is a true and correct copy of the 2006-2 Glossary of Defined Terms.

31. Attached hereto as Exhibit DD are true and correct copies of excerpts of the transcript of the deposition of Rebecca Walzak, taken December 20, 2011. This exhibit is filed under seal pursuant to Protective Order.

32. Attached hereto as Exhibit EE is a true and correct copy of the Corrected Supplemental Expert Report of Rebecca Walzak concerning servicing breaches, dated December 2, 2011. This exhibit is filed under seal pursuant to Protective Order.

33. Attached hereto as Exhibit FF is a true and correct copy of a document produced in this matter bearing Bates numbers LIPSHUTZ_00101-150. This exhibit is filed under seal pursuant to Protective Order.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 31, 2012
New York, New York


STEWART D. AARON